

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION**

IN RE:)	
)	Chapter 11
CITATION CORPORATION, et al.,¹)	
)	Case No. _____
Debtors.)	(Jointly Administered)

**DEBTORS' MOTION FOR AN ORDER GRANTING THE DEBTORS AN
EXTENSION OF TIME WITHIN WHICH TO FILE SCHEDULES AND LISTS**

COME NOW, Citation Corporation ("Citation"), its holding company, and certain of its direct and indirect subsidiaries (the "Subsidiaries"), as debtors and debtors in possession (collectively, the "Debtors"), and hereby submit this motion (the "Motion") for entry of an order, pursuant to § 521 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code") and Rule 1007(a) & (c) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), extending the time within which the Debtors must file their schedules and statements of financial affairs (collectively, the "Schedules") and their lists of equity security holders (collectively, the "Lists"). In support of this Motion, the Debtors state as follows:

¹ In addition to the Citation Corporation, the Debtors include the following entities: (i) Citation Holding Company, (ii) Berlin Foundry Corporation, (iii) Bohn Aluminum, Inc., (iv) Castwell Products, Inc., (v) Citation Precision, Inc., (vi) HI-TECH, Inc., (vii) Iroquois Foundry Corporation, (viii) ISW Texas Corporation, (ix) Mansfield Foundry Corporation, (x) OBI Liquidating Corp., (xi) Texas Steel Corporation, (xii) TSC Texas Corporation, (xiii) Citation Aluminum, LLC, (xiv) Citation Castings, LLC, (xv) Citation Grand Rapids, LLC, (xvi) Citation Lake Zurich, LLC, (xvii) (Citation Michigan, LLC, (xviii) Citation Wisconsin Forging, LLC, (xix) Citation Wisconsin, LLC, xx) ITM Holding Co., LLC, (xxi) Interstate Southwest, Ltd., (xxii) Texas Foundries Ltd., and (xxiii) MFC Liquidating Company, Ltd.

JURISDICTION AND VENUE

1. On September 18, 2004 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code with the Clerk of this Court. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to §§ 1107(a) and 1108. The Debtors have moved this Court for joint administration of these chapter 11 cases.

2. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue of the Debtors' chapter 11 cases and this Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicate for the relief requested herein is Bankruptcy Rule 1007(a) & (c).

FACTUAL BACKGROUND

3. Facing its biggest challenges of all -- a sluggish industry and skyrocketing materials costs -- Citation and its affiliated companies have filed for chapter 11 bankruptcy in the U.S. Bankruptcy Court in Birmingham, Alabama. This action was taken to reorganize Citation's businesses into a profitable company that will continue to serve its customers. The Citation companies continue to operate their businesses and manage their properties as debtors in possession in accordance with the Bankruptcy Code.

4. Since its inception in 1974, Citation has forged a name for itself within the metal components industry by focusing on one overriding goal; total customer satisfaction. Citation has done this by acquiring capable leadership, loyal production workers and responsive suppliers.

5. Like every action Citation has taken over the years, chapter 11 was undertaken with customers in mind. The company is confident that a court-guided reorganization will give

Citation the breathing room it needs to improve cash flow and emerge as a profitable company serving its many customers. The Citation companies will continue to use sound management practices to operate their businesses and manage their properties as debtors in possession in accordance with the Bankruptcy Code.

6. Citation is a privately held Delaware corporation headquartered in the Birmingham, Alabama metropolitan area. Through its wholly-owned subsidiaries, Citation designs, develops and manufactures high quality cast, forged, and machined components for the capital and durable goods industries. The products Citation manufactures are made primarily from iron, steel and aluminum materials. Citation's attention to quality, delivery and cost have allowed it to grow its customer base over the years. The company has also grown its business through a series of acquisitions. The Citation companies now own and operate sixteen facilities located in Alabama, Indiana, Wisconsin, Michigan, Illinois, Texas, and North Carolina. The Citation companies employ approximately 5,100 employees, some of whom are unionized.

7. Citation manufactures products for several market segments including the automotive, heavy truck, construction, aerospace, agricultural and commercial industries. Citation produces aluminum and iron castings. Its steel forgings are used in a wide variety of applications including braking, steering, engine and drive train parts for passenger cars and light trucks; suspension and transmission parts for heavy trucks; ground engaging tools for construction equipment; parts for aircraft engines, landing gear and structural airframes; and thousands of other critical parts for capital and durable goods. Citation sells its castings and forgings to customers throughout the United States. Several of its largest customers are very large tier-one suppliers who make, assemble, and supply parts to automobile manufacturers.

8. Through the 1990s, Citation was a publicly traded company. In December 1999, Citation was taken private by an investment firm based in New York. A fund managed by the same firm continues to own virtually all of the shares of Citation's parent corporation.

9. Citation's cash flow challenges are typical of the industry today. All purchasers of steel have been suffering from the onslaught of record steel price increases. In the last 18 months, the price of steel scrap escalated from its traditional price of \$150 per ton to more than \$400 per ton. Other raw materials prices have also suffered dramatic price increases.

10. Ductile products account for half of Citation's sales. Steel scrap is the primary raw material used to make ductile products. Due to the unprecedented and unexpected price escalations for the purchase of steel scrap, Citation has found it difficult to maintain sufficient operating capital. Although some of Citation's customer relationships include provisions for sharing cost increases for steel scrap, Citation's relationships with several of its largest customers have no such provisions. Although Citation continues to work with customers to maintain positive, mutually beneficial relationships, Citation to date has been forced to bear the full burden of the increased price of steel scrap in many of its relationships. Citation's aluminum and other divisions have fared better, largely due to their ability to pass on the raw materials price increases.

11. In addition to the escalating price of steel scrap, Citation -- like numerous U.S. companies that provide employees with healthcare benefits -- has incurred heavy increases in the cost of health care for Citation's employees. This and an increase in the cost of utilities has further hampered Citation's cash flow.

12. Citation has a strong market share of the North American ductile iron parts industry, competing primarily with North American companies only. This is because the weight,

size, and shapes of the materials and product and heavy industry's requirements for just-in-time or staged delivery generally require the ductile iron foundries to be located on the same continent as the customers. Nonetheless, there is foreign competition, primarily from China and India.

13. The entire North American ductile iron parts industry finds itself in the same predicament as Citation. Some companies have recently exited this business altogether while a few competitors are better capitalized. Citation is determined to stay in business, and to continue serving the customers, employees and suppliers who have come to rely on Citation as a partner in success. Citation's management sees chapter 11 as a positive step to better position itself until the price of steel and other raw materials can reach an equilibrium within the industry and the true cost of materials can be passed through to the end user of the product.

14. As already mentioned, one of the most significant costs to Citation has been the unprecedented increase in the price of steel scrap. Combined with Citation's debt load, this has resulted in a shortage of cash flow. For the fiscal year ended September 28, 2003, Citation and its subsidiaries reported net sales of approximately \$640,000,000 and a net loss of approximately \$120,000,000.

15. Citation and its subsidiaries are indebted under a bank debt facility in the approximate amount of \$325,000,000. This indebtedness is secured by a first lien on virtually all of the Debtors' assets. Citation's parent corporation is separately indebted under a different debt facility to a different set of creditors in the approximate amount of \$140,000,000. Citation generally has trade debt of approximately \$60,000,000.

16. Citation is owed receivables from its customers that generally total around \$90,000,000. Citation maintains inventory that has a book value of approximately \$45,000,000.

Citation owns property, plants, and equipment of substantial value. Its greatest assets, however, are Citation's strong customer base and its many loyal employees.

17. As a part of its ongoing strategic review and assessment of their financial condition, Citation has determined to take advantage of its strong market share position, to strengthen the balance sheet, and to operate successfully in today's competitive environment, it must reduce its existing debt burden and increase operating efficiencies. Citation seeks protection under chapter 11 of the Bankruptcy Code to provide the necessary time to stabilize its finances and to develop and to implement a strategic plan to return its business to sustained profitability.

18. Citation filed bankruptcy with four primary goals in mind: (a) to reshape the Debtors' capital structure; (b) to improve cost efficiencies; (c) to maintain product manufacture and delivery; and (d) to negotiate with its key customers to pass on raw materials price increases. During its stay as a debtor-in-possession in chapter 11, Citation will continue to serve its customers by manufacturing high quality products at Citation's many locations throughout the United States. Once these four key goals are sufficiently met by the bankruptcy proceedings, Citation will emerge from this process as a strong, viable, and independent business positioned for increased competitiveness and sustained profitability.

RELIEF REQUESTED

19. Pursuant to Bankruptcy Rule 1007(b) and (c) and Local Rule for U.S. Bankr. Ct., N.D. Ala., Appendix I, Gen. Order 97-1(I)(B), the Debtors are required to file the Schedules within the first fifteen (15) days after the Petition Date (the "Fifteen-Day Period"). Here, the expiration of the Fifteen-Day Period is October 4, 2004.

20. By this Motion, the Debtors request entry of an order extending the Debtors' time to file the Schedules and Lists for an additional fifteen (15) days through and including October 19, 2004.

21. Bankruptcy Rule 1007(c) provides that "extension of time for the filing of the schedules and statements may be granted only on motion for cause shown and on notice to the United States Trustee and to any committee ... appointed under § 1102 of the Code, trustee, examiner, or other party as the court may direct." Fed. R. Bankr. P. 1007(c). Bankruptcy Rule 1007(a)(4) additionally provides for extensions of the time for filing of equity security holder lists, for cause. Accordingly, this Court has the authority to grant the extension requested herein.

22. The Debtors are in the process of compiling and organizing the information required for the Schedules and Lists, but the finalization of these documents will extend past the Fifteen-Day Period. The Debtors have been primarily focused on stabilizing their business operations, solidifying relationships with their customers, vendors, suppliers and employees, and negotiating a plan.

23. The Debtors collectively form a large and complex business. Because of (a) the substantial size and scope of the Debtors' businesses; (b) the complexity of their financial affairs; and (c) the press of numerous business matters incident to the commencement of these cases, it was impracticable for the Debtors to assemble all of the information necessary to complete the Schedules prior to the Petition Date.

24. Moreover, the Debtors may have thousands of known and potential creditors. Under the circumstances, the Debtors submit that the Fifteen-Day Period within which to file the Schedules and Lists under Bankruptcy Rule 1007(a) and (c) will not provide the Debtors with sufficient time to complete the Schedules and Lists.

25. The substantial size, scope and complexity of these cases, and the volume of material that must be compiled provides ample "cause" justifying the requested extension beyond the Fifteen-Day Period.

26. The Debtors believe that an extension, for an additional fifteen (15) days, of the deadline to file the Schedules and Lists would be appropriate at this time. The Debtors request that such extension be without prejudice to their right to seek one or more further extensions of this deadline from the Court, or to seek a waiver of the requirement for filing certain schedules. Additionally, the Debtors will work with the Office of the Bankruptcy Administrator for the United States Bankruptcy Court for the Northern District of Alabama, Southern Division (the "Bankruptcy Administrator") and any subsequently officially-appointed committee of creditors to make available sufficient financial data and creditor information to permit at least an initial § 341 meeting to be timely held.

27. Based on the foregoing reasons, the Debtors submit that good and sufficient cause exists for granting the Debtors additional time to file the Schedules and Lists.

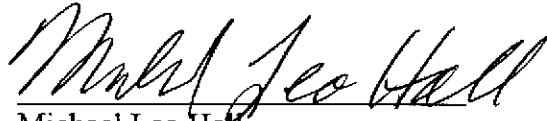
NOTICE AND PRIOR MOTIONS

28. Notice of this Motion has been given to (1) the Bankruptcy Administrator; (2) counsel to JPMorgan Chase Bank as Administrative Agent for the Debtors' prepetition lenders; (3) counsel to JPMorgan Chase Bank as Administrative Agent for the Debtors' proposed postpetition lenders; (4) the Debtors' twenty (20) largest unsecured creditors (on a consolidated basis); and (5) the District Director of Internal Revenue Service for the Northern District of Alabama. The Debtors submit that given the circumstances and the notice of the relief requested herein, no other or further notice is required.

29. No previous request for the relief requested herein has been made to this Court or to any other court.

WHEREFORE, the Debtors request this Court enter an order, substantially similar to the order attached hereto as Exhibit "A," extending the time within which the Debtors must file their Schedules and Lists for an additional fifteen (15) days through and including October 19, 2004 and granting such other and further relief as this Court deems necessary.

Dated this the 18 day of September, 2004.



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Possession

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Exhibit "A"

Proposed Order Granting Extension of Time

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION**

IN RE:

CITATION CORPORATION, et al.,¹

Debtors.

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Chapter 11

Case No. _____

(Jointly Administered)

**ORDER GRANTING THE DEBTORS AN EXTENSION OF TIME
WITHIN WHICH TO FILE SCHEDULES AND LISTS**

This matter came to be heard upon the motion (the "Motion") of Citation Corporation ("Citation"), its holding company, and certain of its direct and indirect subsidiaries (the "Subsidiaries"), as debtors and debtors in possession (collectively, the "Debtors"), for entry of an order, pursuant to Rule 1007(a) & (c) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), granting the Debtors an extension of time within which to file their schedules and statements of financial affairs (collectively, the "Schedules") and their lists of equity security holders (collectively, the "Lists"); the Court having jurisdiction to consider the

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Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; due notice of the Motion having been provided to (1) the Office of the Bankruptcy Administrator for the United States Bankruptcy Court for the Northern District of Alabama, Southern Division; (2) counsel to JPMorgan Chase Bank as Administrative Agent for the Debtors' prepetition lenders; (3) counsel to JPMorgan Chase Bank as Administrative Agent for the Debtors' proposed postpetition lenders; (4) the Debtors' twenty (20) largest unsecured creditors (on a consolidated basis); and (5) the District Director of Internal Revenue Service for the Northern District of Alabama; and it appearing that no other or further notice need be provided; the Court having determined that the relief sought in the Motion is in the best interests of the Debtors, their creditors, and all parties in interest; upon the Motion and all of the proceedings before this Court; and after due deliberation and sufficient cause appearing therefore, it is hereby

ORDERED that the Motion is **GRANTED**; and it is further

ORDERED that the Debtors' time within which to file the Schedules and Lists is extended for an additional fifteen (15) days through and including _____, 2004; and it is further

ORDERED that the extension of time to file the Schedules and Lists is without prejudice to the Debtors' ability to request additional time should it become necessary; and it is further

ORDERED that the Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order.

Dated this the _____ day of September, 2004.

UNITED STATES BANKRUPTCY JUDGE